STATE OF ALABAMA

APPALACHIAN DEVELOPMENT PLAN

2003-2006

BOB RILEY
GOVERNOR

STATE OF ALABAMA

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I. Introduction

The Appalachian Regional Commission (ARC) was established by Congress to promote economic growth and improve the quality of life in the thirteen Appalachian states. It is a unique partnership of federal, state, and local governments. Within the partnership, the Governor represents the State of Alabama.   The responsibility for administration of the ARC program within Appalachian Alabama lies with the Alabama Department of Economic and Community Affairs (ADECA).   The Director of ADECA serves as the Governor's Alternate Representative to the Commission.

There are thirty-seven counties located in Appalachian Alabama. These are: Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Macon, Madison, Marion, Marshall, Morgan, Pickens, Randolph, St. Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston. Local governments are represented by multi-county development agencies called Local Development Districts (LDDs). The thirty-seven counties of Appalachian Alabama are served by eight LDDs. See Appendix I for a list of counties and county data.

Of these 37 counties, five are designated as "distressed" for FY-2004: Bibb, Franklin, Hale, Macon and Pickens are eligible for 80% ARC funding. Madison and Shelby Counties are both attainment counties and cannot receive any ARC funding. Competitive counties are eligible for 30% ARC, but Alabama does not have a competitive county for FY-2004. All other counties are transitional counties and are eligible for 50% ARC.

In 1997, the Commission adopted a new strategic plan, which would guide its investments in the years ahead. The plan provided a foundation for development in five major goal areas. These are education, infrastructure, leadership and civic development, self-sustaining local economies, and health care.

The Appalachian Regional Development Act of 1965 requires each state to submit an Appalachian Development Plan describing the Governor's goals and objectives for the Appalachian region for his or her state.   This plan is designed to set forth the development priorities for the 2003 through 2006 term of Governor Bob Riley. The policies for Appalachian Alabama are generated by the needs of the people in the region.

ADECA works closely with the eight Local Development Districts (LDDs) in Appalachian Alabama in the development of eligible projects and the preparation of applications that are consistent with the ARC Code and guidelines. Each LDD operates

under a Board of Directors composed of representatives from the various local governments. Each LDD helps ARC target and meet the needs of local communities and build community unity and leadership. The LDDs are an active and essential part of the ARC partnership. Citizen participation is achieved through public hearings held by the LDDs. In addition, an Appalachian Regional Commission Workshop is held annually and allows for public participation.

For the 21st Century, we envision an Appalachian Alabama in which:

- Growth will be in all business sectors, allowing both new and existing businesses to prosper.

- Citizens can achieve economic independence by working in jobs that pay livable wages, are safe, and that provide opportunities for advancement.

- Appalachian communities will have a higher quality of life, access to excellent public schools and lifelong educational opportunities, quality health care, affordable, decent housing, and a clean environment.

- There is full integration into the global economy through effective and extensive cultural and educational exchanges, business transactions and networks, transportation infrastructure, and telecommunications systems.

- The development of strong local leaders and an active citizenry will chart their own future and implement sustainable, local strategies for economic development.

There are many issues facing Appalachian Alabama, including dramatic structural shifts in the various economic sectors, the need for a highly-skilled workforce, the increasing importance of entrepreneurship, the strong influence of information technology, and the need for environmental protection as well as long-term issues, such as the consequences of inadequate education, poverty, and the demand for improved transportation networks and other public infrastructure. Public and private sectors will join with the citizens of Appalachia to:

- Ensure that all students receive a strong, basic education regardless of where they live.
- Provide resources to low income workers to remove barriers to work and economic stability.
- Establish a jobs strategy to grow and capture high wage jobs and high quality businesses.
- Provide infrastructure for economic growth.
- Provide access to safe drinking water.
- Equip a highly-skilled workforce with cutting-edge technology to link our communities with the global economy.
- Protect the natural resource base to ensure long-term, shared prosperity.
- Provide access to health care.

II. Appalachian Development Highway System

The completion of the Appalachian Development Highway System is a major component of economic growth in Appalachian Alabama. Corridors X, V, and U.S. Highway 78 will connect Memphis, Tennessee with Atlanta, Georgia. This corridor runs between Birmingham and Itawamba County, Mississippi, and will provide an alternative to U.S. 78, which is the only existing major east-west route in the area. U.S. 78 is presently a two-lane road that goes through many small towns and has heavy traffic, including heavy trucks. Corridor X will have a minimum of four lanes and full access control. Corridor V in Alabama runs from the Mississippi State Line to the Tennessee State Line and is nearly complete, with 135.5 miles authorized, all of which is open to traffic. However, many sections were built in stages, and additional work will be required, including additional lanes.

Several water and sewer facilities funded in recent years have been clustered near Corridor X in Walker County, in anticipation of the highway's completion. Though Corridors X and V remain important priorities, the State has determined that environmental infrastructure projects have a tremendous impact on the communities that will not benefit directly from the ARC highways. As the highway corridors near completion, in the future, we expect to concentrate more of our activities in areas directly served by the highways.

III. Economic Conditions

For both rural and metropolitan areas, the effectiveness and sustainability of the traditional approach to economic development has begun to decline. Most communities (especially the rural communities) are missing opportunities, which could be utilized to help increase job creation. Economic development agencies should be encouraged to expand their focus and include the development of an environment which would foster growth from within the community, rural or urban, and be an integral and complementary part of the economic development process. Efforts will be made to develop an economic system, which will bring together a cohesive multifaceted system of orientation, training, and assistance, using today's information technology services to deliver enhanced program content. Objectives of the concept are to: lessen traditional economic development dependency on recruiting and importing jobs and industry from outside the community; diversify local/rural economies; promote economic development through small business creation, incubation, and assistance; attract and train innovative entrepreneurs; better use existing resources; and assist existing small and medium size businesses in growing their firms. A quality economic foundation for all regions of the state must exist in terms of physical and information infrastructure, transportation, and human resources.

One of the primary factors that determine the potential rate of growth within a county or region is access to basic infrastructure, such as public water, sewer, transportation, and information technology infrastructure. While public and private water systems usually

provide service beyond municipal and sometimes county boundaries, sewer service is mostly confined to the larger cities and the surrounding areas. Those areas which lack access to basic infrastructure experience the lowest overall growth and the lowest general standard of living (Alabama Rural Development Strategy, 1998).

Another factor that affects growth and development is employment. Historically most employment has been in the manufacturing and government sectors; however, there is a trend towards transitioning into more diversified economies. Most rural counties still have a higher percentage of manufacturing and government jobs and fewer service, professional, and retail jobs than urban areas. Rural communities often lack the income levels and customer bases that are essential to support large retail and service sector businesses. As the number and percentage of manufacturing jobs in rural areas decline, workers will need to develop new job skills, commute greater distances to job opportunities in the larger cities, or accept lower paying local service and retail jobs. Since adults in rural areas are less likely to have graduated from high school, intensive educational training programs will be needed to teach the necessary skills to adapt to new or first time job opportunities.

Low income and poor access to health care facilities and services continue to be a defining characteristic of rural Appalachian Alabama. Although many of the rural Appalachian counties have made strong gains in median family incomes in recent years, most of the increases may be attributed to an influx of suburban residents who commute to larger urban centers, rather than any real increase in local wages.

Demographics

Since the 1990 census, the population of the Appalachian portion of Alabama grew at a 10.4 percent rate, better than the 9.1 percent growth rate for the Appalachian Region as a whole, but lower than the 13.1 percent growth for the nation. Alabama's employment expanded by over 17 percent during the 1991-2000 period, adding over 355,000 jobs to the state's economy. Nearly two-thirds of the job growth occurred within the Appalachian portion of the state. On an employment basis, the greatest expansion in jobs occurred in the service sector, which added over 165,000 jobs. The highest growth rate in job creation, however, occurred within the construction sector, which grew by nearly 39 percent, followed by the finance, insurance and real estate sectors, which grew by nearly 38 percent. Employment in manufacturing, however, contracted slightly, falling by 5.4 percent. While manufacturing jobs comprised 18.9 percent of all jobs in Alabama in 1991, the share dropped to 15.2 percent by 2000. The proportion employed in service occupations increased from 22.7 percent in 1991 to 26.2 percent in 2000. Significant gains in other areas of employment were in transportation, telecommunication/information technologies, and public utilities (20.4 percent); retail trade (24.6 percent); and agriculture, forestry and fisheries services (51.6 percent).

Reflecting the keen competition within the employment arena during the 1990s, along with the tendency for new entrants into the labor force to accept lower paying jobs than their predecessors, the state did not make any real gains relative to income during the

1990s. The differential between Alabama and the U. S. in median household income, median household income and per capita income remained virtually the same in 2000 as in 1990, with levels in Alabama stalled at approximately 80 percent of the corresponding values for the U. S.

Statewide private sector income grew modestly by 20 percent between 1996-2000, which is substantially below the national rate of 27 percent. One of the major reasons for this slow growth has been the lower average income growth in both high-end services such as business services and finance, insurance and real estate, and lower paying back-office and personal services. In addition, the continuing contraction in the state's manufacturing base, particularly non-durable goods production, has contributed to the slow growth in manufacturing income of 6.7 percent as compared to national manufacturing income which grew by 19.7 percent over the 1996-2000 period. Alabama has created more jobs in trade and services industries than in manufacturing industries. Nevertheless, average wages in the trade and services sectors are significantly less than the average wages paid in manufacturing industries, which explains the slow growth in personal income.

During the 1996-2000 period, the Alabama economy created almost 132,000 new jobs, with the Appalachian portion of the state contributing 86,000 of these new jobs. Most of these jobs were created in the trade and services sectors, which contributed two-thirds of these jobs. The good news is that finance, insurance and real estate sectors created 27,000 of these new jobs. In contrast, the manufacturing sector lost nearly 16,000 jobs, with the majority of the losses occurring in non-durable goods production, particularly textiles. The continuing structural shift of the Alabama economy from manufacturing employment to trade and services employment will likely become more pronounced. Many rural Alabama counties are highly dependent on jobs in manufacturing, particularly non-durable goods industries, such as textiles and apparel, and food processing.

The unemployment rate for Appalachian Alabama has increased from 4.4 in 1999 to 5.0 in 2001, reflecting the impact of the national recession on the regional economy. Moreover, the regional unemployment rate of Appalachian Alabama is still slightly higher than the unemployment rate for the United States.

Alabama must balance economic development between retaining and sustaining existing business and industry, yet focusing on supporting entrepreneurs and attracting high value-added jobs and high technology industries.

Income

Overall Alabama's Appalachian Region had a per capita income of $24,404 in 2000, which was slightly higher than the $24,056 average for the Appalachian Region, but 17 percent lower than $29,469 registered for the United States. In 2000, the Distressed Counties had the lowest per capita income: Macon County with $15,678; Hale County with $16,380; Bibb County with $18,033; Pickens County $18,323; and Franklin County with $19,723. Thirty of Alabama's thirty-seven Appalachian counties had less than 75 percent of the U. S. average income in 2000. In Appalachian Alabama the poverty rate in

2000 was 14.4 compared to 13.6 for the Appalachian Region and 12.4 for the United States.

Education

Though there are many ways to indicate educational attainment, perhaps the easiest measure to consider is the percentage of adults who have completed high school. Appalachian Alabama dramatically improved its high school graduation rate between 1990 and 2000, but still lags slightly behind the rest of the region and the nation as a whole.

Appalachian Alabama had 67.1 percent complete high school in 1990 compared to 75.4 percent in 2000 (adults 25 and over). The rate for the Appalachian Region in 2000 was 76.8 percent and 80.4 percent for the United States. In general, the gap between the highest and lowest ranked counties has narrowed slightly as the counties with the lowest attainment rates have posted the greatest gains over the last decade, with many registering double-digit improvements. Nevertheless, four of the five lowest attainment counties from the 1990 census remain in the bottom rung of the 2000 census: despite a 13.1 percent gain, Cleburne County is fourth from the bottom; Winston Counties registered a 13.8 percent gain, but ranks third from the bottom slowest improvement; and Randolph County, which gained 11.6 is last. At the other end of the scale, Madison County, with its concentration of high-tech industries, continues to lead the state with over 85 percent of adults having completed high school. Fast-growing Shelby County's increased its graduation rate increased to 86.8 percent.

Health Care

The core of the Appalachian Health care infrastructure has been getting stronger, and there has been an expansion in the number of primary-care physicians per capita in Appalachia, according to a report prepared for the Appalachian Regional Commission by Project HOPE Center for Health Affairs. Challenges that were discovered in Appalachia by the Project HOPE Center revealed weakness in access to certain services that fall outside the core functions of primary-care physicians, rural hospitals, and skilled nursing care facilities. Challenges included low levels of dentists per capita; a lack of hospital-affiliated substance abuse treatment services; a lack of hospital-affiliated psychiatric services; and a lack of obstetric care, particularly in economically distressed counties (*An Analysis of the Financial Conditions of Health Care Institutions in the Appalachian Region and their Economic Impacts,* Project HOPE Center for Health Affairs).

There are several areas in Appalachian Alabama which lack adequate numbers of health practitioners. Appendix II contains a list of all Health Professional Shortage Areas (HPSA) in the Region as designated by the U. S. Department of Health and Human Services. Of the 37 Appalachian counties, there are 16 counties that are totally Health Professional Shortage Areas, and 17 counties that are partially HPSA.

The Alabama Department of Public Health coordinates the placement of primary care physicians on J-1 visas seeking to waive the J-1 home residency requirement by working in a federally-designated HPSA in the Appalachian region. The Department of Public Health also monitors the compliance of these physicians with the practice requirements for J-1 visa waivers supported by ARC. In addition to the need for greater accessibility to primary health care, there is a need for the following:

- Expansion of programs to target infant mortality and to provide prenatal services

- Additional preventive health care

- Preventive services for drug and alcohol abuse

- Expansion of home health care, skilled nursing home beds, respite care, and nutrition programs across all age groups

- Counseling services for "at risk" adolescents

- Expansion of health education programs for students K-12 grades

- Access to emergency medical services in rural areas

The quality of health care services can be measured by the number of physicians per capita, and three-year rates of infant mortality. These data indicate that most counties in Appalachian Alabama are far behind the rest of Appalachia and the U. S. as a whole. Only one Alabama County (Jefferson) has more than the national average number of physicians. Only the three largest counties (Madison, Jefferson, and Tuscaloosa) have more than the regional average, and two of those hold a medical school. There is a dramatic drop in the number of physicians in other counties, and despite federal efforts to attract doctors to small towns, the numbers are decreasing in 14 counties. In some cases, the loss of one doctor can have dramatic effects on these data: Coosa County had two doctors in 1990, and lost one by 1994, cutting the rate in half.

Many counties are also struggling to improve infant mortality rates. Appalachian Alabama's rate from 1992-1994 was much worse than the regional and national rates. From 1992-1994 Appalachian Alabama overall had an infant mortality rate of 9.8 compared to 8.3 for the Appalachian Region as a whole, and 8.2 for the United States. The 1992-94 data indicate Lamar County has a three-year infant mortality rate of 16.4, followed by Fayette County with 15.4, Bibb County with 12.8, and Randolph and Talladega Counties each with 12.6.

IV. Challenges and Development Opportunities

Challenges are long standing problems--transition to new economy, low wages, increasing education attainment to meet future growth and development. There is a

fervent need to provide infrastructure, improve education, health care accessibility, access to capital and technical assistance for entrepreneurs, provide assistance to communities for leadership development, develop telecommunications infrastructure, and increase markets for small and medium-sized businesses through increased trade.

- Increase the supply of employable workers by placing emphasis on upgrading skills among adults who lack a high school diploma.

- Reduce the number of young people who enter the work place in the future without a high school education.

- Develop a comprehensive, cooperative model for infrastructure development which will promote economic growth along corridors and create jobs for Alabamians.

- Provide accessible, affordable health care to Appalachian residents.

- Penetration of overseas markets—provide access to global markets for small and medium-sized companies.

- Facilitate advanced integrated public and private telecommunications systems that are affordable, easy to use, and accessible to Appalachian citizens in homes, schools, libraries, medical facilities, government agencies, and businesses.

Goals

Five goals were established by the Appalachian Regional Commission to guide the activities undertaken by the commission. The State of Alabama will direct efforts to implement these goals in the following way:

Goal 1: Appalachian residents will have the skills and knowledge necessary to compete in the world economy in the 21st century.

- Provide access to educational opportunities to gain skills and knowledge required for the workforce to participate in a global economy.

- Strengthen basic skills programs in the public school system and establish specific competency requirements.

- Provide access to programs that will promote education excellence and promote lifelong learning.

- Increase adult literacy.

- Provide children with the skills needed to be successful in school.

- Utilize telecommunications, computers, and other technological capabilities to deliver education and training programs.

- Reduce the school dropout rate in our Appalachian counties.

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- Support programs that will expand the use of telecommunications in education, especially K-12.

- Assist communities in developing programs and services for families and caregivers of young children that will ensure that children are healthy and prepared to succeed in school.

- Ensure that students attain the skills and knowledge they will need in the workplace and for continued learning.

- Support training in the public, private, and non-profit sectors in Appalachian Alabama in the use of new technologies and applications.

Goal 2: Appalachian communities will have the physical infrastructure necessary for self-sustaining economic development and improved quality of life.

- Complete Corridors X and V.

- Work with public and private partners to identify and develop intermodal transportation facilities and corridors in Appalachian Alabama.

- Support efforts to bring adequate telecommunications infrastructure and technologies to Appalachian counties, and support efforts to link new and existing telecommunications networks.

- Support special innovative service telecommunications applications and programs.

- Provide Appalachian counties access to safe drinking water and wastewater facilities.

- Provide water, sewer, and physical infrastructure needed to serve new and expanding industries and commercial development.

- Support development of new industrial sites.

- Provide capital funding for the development of small business incubators.

- Develop "smart parks" with telecommunications enhanced infrastructure, which will meet the needs of information based industries.

Goal 3: The people and organizations of Appalachia will have the vision and capacity to mobilize and work together for sustained economic progress and improvements of their communities.

- Increase economic progress and local capacity through strategic planning, technology, and leadership development.

- Increase the number of people participating in leadership development programs, and support efforts to establish ongoing local leadership training programs for both adults and youth.

- Assist local communities to institute strategic planning and direction for future progress and improvement, including innovative, cost-effective delivery of services.

- Encourage the use of telecommunications technology at all levels to assist community and economic development.

Goal 4. Appalachian residents will have access to financial and technical resources to help build dynamic and self-sustaining local economies.

- Assist counties in restructuring their local economies in order to provide more opportunities for high-value, high wage employment.

- Support infrastructure development to increase tourism, based on economic impact.

- Support training programs in economic planning and development and in export development, and increase the number of small and medium-sized businesses engaged in international trade.

- Support programs that increase participation of Appalachian companies in trade events.

- Assist existing firms in marketing their products and services in international markets.

- Support planning efforts, including inventories of available resources to provide information and knowledge for growth and development.

- Increase entrepreneurship in Appalachian Alabama.

Goal 5: Appalachian residents will have access to affordable, quality health care.

- Increase the availability of primary health care in Health Professional Shortage Areas**.**

- Support initiatives for planning, technical assistance and support to improve health care access to residents of Appalachia.

- Reduce the infant mortality rate in Appalachian counties.

- Strengthen prenatal and neonatal health care and provide education programs to reduce the infant mortality rates.

- Increase programs to prevent teen pregnancy.

- Support projects that will increase access to health care, information and economic opportunities through telemedicine services.

In addition, the State will submit an annual Strategy Statement to the Commission that will outline the State's plan for the use of ARC funds. This document will reflect the State's commitment not only to correcting long-term, structural poverty but also our agenda for addressing the sudden and severe shocks to Appalachian Alabama's economy that result from factors such as rapid globalization and the changing economic climate.

Local Development Districts
Eight Local Development Districts (LDDs) serve the Appalachian Region. The population and occupation trends of Appalachian Alabama are given by Local Development District.

District 1 (Colbert, Franklin, Lauderdale, Marion, and Winston counties) is served by the Northwest Alabama Council of Local Governments (NACOLG). These counties are bordered on the north by the State of Tennessee and on the west by the State of Mississippi. The 1996 population estimate by the Census Bureau for the NACOLG region indicates that the district has grown at a rate of 4.1% since 1990, with the region's population estimated at 219,713 people. In 1990 the population of the region was 211,112 people.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Florence Metropolitan Area are projected to grow at an annual rate of 1.70% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.01%; blue collar workers whose growth rate is 1.04%; service workers, 2.69%; and agriculture, forestry and fishing occupations, 0.11%.

West Alabama Regional Commission (formerly West Alabama Planning and Development Council) District 2 is a seven-county region consisting of six Appalachian counties, Bibb, Fayette, Hale, Lamar, Pickens and Tuscaloosa, and Greene County, a non-ARC county. Bibb, Fayette, Hale and Pickens are distressed counties in 2003. Lamar and Tuscaloosa are transitional counties. In 2004 Fayette County's economic status will change to transitional.

The Tuscaloosa Metropolitan Area (MA) has the fifth largest population among the state's 12 MA's and is the hub of the West Alabama region. Tuscaloosa is the home of the University of Alabama, the region's largest employer, as well as the first Mercedes-Benz manufacturing facility in the U.S. The 2000 census population for the six ARC counties is 258,234 or 5.8% of the state's 2000 population. Between the 1990 and 2000 census, the six-county area experienced an 8.97% population increase compared to the state's 10.06% increase. Bibb County shows the most notable increase in population with a growth rate of 25.64%.

Interstate highways 20, 59 and 359 and U.S. highways 82, 43, 11, and to a lesser degree U.S. highway 80 serve Appalachian West Alabama. Major waterways include the Black Warrior River, Cahaba River, North River, the Sipsey River, and the Tennessee-Tombigbee Waterway.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Tuscaloosa Metropolitan Area were projected to grow at an annual rate of 2.03% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.19%; blue collar workers whose growth rate is 1.23%; service workers, 3.02%; and agriculture, forestry and fishing occupations, 1.01%.

The Regional Planning Commission of Greater Birmingham (District 3) serves a six county district consisting of Blount, Chilton, Jefferson, St. Clair, Shelby, and Walker Counties. All six counties are located within Appalachian Alabama, as defined by the Appalachian Regional Commission. The Birmingham Metropolitan area is the hub of the Birmingham region and contains the University of Alabama at Birmingham, which is the region's largest employer. Interstate highways 59, 20, 65 and 459 serve the region and the state of Alabama. ARC Corridor X is under construction in Jefferson and Walker Counties providing Region 3 with a limited access highway connection between Birmingham and Memphis. With approximately 1 million people, the Birmingham Metropolitan Area is the largest metropolitan area in the state.

In 1990, the six county region had a population of 940,263 which was 23.2 percent of the state's total population. Between 1980 and 1990, the six-county area experienced a 2.8 percent population increase compared to the state's 3.8 percent increase. During the 1980's Jefferson County lost 54,030 people or 8 percent of its population while Walker County lost 2,820 people, which was 4 percent of its population. However, the other four counties experienced population increases during this period. In 1990, the Birmingham Metropolitan Statistical Area contained 839,942 people and was the nation's 53rd largest MSA. Between 1990 and 1997, two new towns incorporated in the Birmingham region. The town of Indian Springs Village incorporated in 1990 with a population of 1,115. Chelsea with a population of 1,547 incorporated in 1997. In 2000, the six county region had a population of 1,031,412 an increase of 9.7 percent over the previous decade.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Birmingham Metropolitan Area are projected to grow at an annual rate of (1.72%) between 1998 and 2008. Included in these data are

white collar workers whose growth rates is 1.89%; blue collar workers whose growth rate is 1.35%; service workers, 1.83%; and agriculture, forestry and fishing occupations, 0.71%.

District 4 (East Alabama Regional Planning and Development Commission) is composed of Calhoun, Chambers, Cherokee, Clay, Cleburne, Coosa, Etowah, Randolph, Talladega, and Tallapoosa Counties. The population was 451,021 in 1980; by 1990, the population was 442,152, a decrease of 8,869 persons or 2.0 percent. However, the region experienced a resurgence in the 1990s, reaching a population of 461,034 by the year 2000. The region's growth rate (4.3%) is somewhat modest in comparison with the State of Alabama's 10% population increase. The East Alabama Region's comeback may be attributed to population increases in eight of the ten counties. The most explosive growth occurred in Cherokee County. A rural county boasting a large recreational lake, Cherokee County is situated between the Gadsden, AL and Rome, GA metropolitan areas, and also is convenient to the Anniston metro area. Randolph County also has benefited from growth around its lake and its proximity to Anniston and Georgia employment centers, although not to the extent of Cherokee County (12.6% growth, as compared with Cherokee's 22.7%). Two other rural counties–Cleburne and Coosa–also experienced double digit growth rates. Cleburne County is feeling the effects of the ever expanding Atlanta metro area, and Coosa County is benefiting from its proximity to major employment centers and lakefront development.

The region's largest county, Calhoun, experienced a mild decline in population, continuing a downward trend that began in 1980. Although most of the counties in the East Alabama Region are rural in nature, 56.4 percent of the region's population was considered urban in 1990. The Census Bureau has not yet released the urban/rural figures for 2000; however, the proportion of the population living in the region's two metropolitan areas–Anniston/Calhoun County and Gadsden/Etowah County–has decreased steadily over the past twenty years, from 49.4% in 1980 to 46.8% in 2000. The East Alabama region had a smaller urban population in 1990 than the state of Alabama, which had an urban population of 60.4 percent.

According to the Occupational Employment Statistics, a joint effort between the Department of Labor and the states, all occupations in the Anniston Metropolitan Area are projected to grow at an annual rate of 1.16% between 1998 and 2008. Included in these data are white collar workers whose growth rate is 1.42%; blue collar workers whose growth rate is 0.62%; service workers, 1.62%; and agriculture, forestry and fishing occupations, 0.25%. Growth rates for the Gadsden MA are generally somewhat lower. All occupations in the Gadsden Metropolitan Area are projected to grow at an annual rate of 1.02% between 1998 and 2008. White collar workers' growth rate is 1.19%; blue collar workers' growth rate is 0.80%; service workers, 1.21%; and agriculture, forestry and fishing occupations are expected to decrease by 0.49%.

				%	%	%
TABLE 1						
POPULATION BY COUNTY						
County	**1980**	**1990**	**2000**	**% Change 1980-1990**	**% Change 1990-2000**	**% Change 1980-2000**
Calhoun	119,761	116,034	112,249	-3.1%	-3.3%	-6.2%
Chambers	*39,191*	*36,876*	*36,583*	*-5.9%*	*-0.8%*	*-6.7%*
Cherokee	18,760	19,543	23,988	4.2%	22.7%	27.9%
Clay	*13,703*	*13,252*	*14,254*	*-3.3%*	*7.6%*	*4.0%*
Cleburne	12,595	12,730	14,123	1.1%	10.9%	12.1%
Coosa	*11,377*	*11,063*	*12,202*	*-2.8%*	*10.3%*	*7.3%*
Etowah	103,057	99,840	103,459	-3.1%	3.6%	0.4%
Randolph	*20,075*	*19,881*	*22,380*	*-1.0%*	*12.6%*	*11.5%*
Talladega	73,826	74,109	80,321	0.4%	8.4%	8.8%
Tallapoosa	*38,676*	*38,826*	*41,475*	*0.4%*	*6.8%*	*7.2%*
Region Total	451,021	442,152	461,034	-2.0%	4.3%	2.2%

Source: U.S. Census Bureau 1980,1990,2000

The **South Central Alabama Development Commission (District 5)** consists of one ARC county, Macon, and five non-ARC counties, Bullock, Butler, Crenshaw, Lowndes, and Pike. Macon County was added to the Appalachian region in 1998 as a distressed county. Located on Interstate 85 and U.S. Highways 29 and 80, Tuskegee serves as the political, economic, and educational center for Macon County. Census 2000 shows Macon's population was 24,105, which is 21.2% of the District's population, and .54% of the total state population. Between 1990 and 2000, Macon County experienced a 3.3% decrease in population as compared to a state increase of 10.1%.

District 9 (Central Alabama Regional Planning and Development Commission) consists of Autauga, Elmore, and Montgomery Counties; however, Elmore County is the only Appalachian county in the district. District 9 also coincides with the Montgomery MA. Montgomery County is home to the City of Montgomery, which doubles as both the state capital and the region's largest city. The Montgomery MA had a 9% change in population between 1990 and 1998. Its population increased from 292,517 in 1990 to 321,781 in 1998 largely due to the rapid growth occurring in Autauga and Elmore counties. Elmore County experienced a 26 % change in population between 1990 and 1998 as its population rose from 49,210 in 1990 to 61,993 in 1998. Elmore County ranks as the third fastest growing county within Alabama.

Elmore County is the only Appalachian County in District 9 and borders Montgomery County. According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Montgomery Metropolitan Area are projected to grow at an annual rate of 2.22% between 1996 and 2006. Included in these data are white collar workers whose growth rates is 2.21%; blue collar workers whose

growth rate is 1.78%; service workers, 3.09%; and agriculture, forestry and fishing occupations, 0.93%.

The North Central Alabama Regional Council of Governments (NARCOG) Region consists of Cullman, Lawrence, and Morgan Counties. The district's population in 2000 was 229,304. This represents an increase of 6% over the 1997 population of 215,931. .

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Decatur Metropolitan Area are projected to grow at an annual rate of 2.33% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.32%; blue collar workers whose growth rate is 2.48%; service workers, 2.78%; and agriculture, forestry and fishing occupations, 0.09%.

District 12 (Top of Alabama Regional Council of Governments) is composed of DeKalb, Jackson, Limestone, Madison and Marshall Counties. Madison County, the major economic growth center and Limestone County, also comprise the Huntsville Metropolitan Statistical Area (MSA). The 1990 Census population estimate for the district was 466,326, which was 11.5 percent of the state's total 1990 population. However, the area's overall population increase of 52,668 from the 1980 Census, represented 58.3percent of the entire statewide population growth in the decade from 1980-1990. The cities of Huntsville and Madison led the region's growth, with Madison County alone accounting for 44.0 percent of the state's decennial growth. A strong imbalance of the region's growth could be seen by the fact that during the 1980's, the three most rural counties (DeKalb, Jackson and Marshall) only posted a 4.4 percent population increase (well below the national average of almost 10 percent) and Jackson County actually lost over 7percent of its population.

The current (2000) population estimate for District 12 was 542,985 persons, up 16.4 percent from the 1990 Census benchmark. This figure was well above the statewide average increase of 10.1 percent, and was led by a combined gain of almost 49,000 persons in Madison and Marshall counties. These gains combined with another 11,100+ in Limestone County (up 21.3 percent), gave the district two of the top ten ranked population growth counties in the state from 1990-2000. DeKalb and Jackson counties also posted strong gains over the period, which were above the statewide average of 10.1 percent, and helped to reverse their out-migration and loss trends from the 1980-90 decade.

According to the latest study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Huntsville Area were projected to grow at an annual rate of 1.76 percent between 1996 and 2006. Included in these data are white collar workers whose growth rate is 1.80 percent; blue collar workers whose growth rate is 1.55 percent; service workers, 2.34 percent; and agriculture, forestry and fishing occupations, 0.45 percent.

Economic Distress

"Distressed Counties" are designated annually by the Appalachian Regional Commission based upon the following criteria:

1. a. per capita market income no greater than 67 percent
of the U. S. average; and
   b. poverty rate at 150 percent of the U.S. average or greater; and
   c. three-year unemployment at 150 percent of the U.S.
average or greater; or

2. Twice the U.S. poverty rate and either (a) or (c) above.

The State of Alabama will provide services to the "Distressed Counties" in all five goal areas with the understanding that because of their unique problems, there may be a need to provide a stronger focus in a particular goal area, such as health or capacity building. Efforts will be made to provide physical infrastructure that will eliminate health hazards and promote job opportunities. There will also be a focus on health, safety, and environmental programs that will ensure healthy workers and healthy children. In order to improve the well being of the citizens in "Distressed Counties," training in basic skills and workforce training programs will be emphasized in an ongoing effort to improve the quality of life.

There are currently five counties in Alabama that are designated as "Distressed" by the Appalachian Regional Commission: Bibb, Franklin, Hale, Macon, and Pickens Counties. The state recognizes that the designation of these counties may change because counties are evaluated on an annual basis by the Appalachian Regional Commission.

Congress has also mandated a focus on "Distressed Areas" as well as "Distressed Counties." Distressed Areas are census tracts within non-distressed counties that have a median family income that is no greater than two-thirds of the national average of $50,046 and have a poverty rate that is at least 1.5 times the national average of 12.4 percent. (See Appendix III for Maps of Distressed Counties and Distressed Areas).

Bibb County

Bibb County's major agricultural product is timber. Major manufactured products are lumber and wood products. Bibb County is contiguous to two Metropolitan Area counties to the north – Tuscaloosa and Jefferson – Shelby to the east, and Hale, Perry and Chilton to the south. The Cahaba River, the state's longest free-flowing river, runs through the county. U.S. Highway 82 runs east and west, Alabama 5 and 219 run north and south, and Alabama 25 runs east and west. Bibb County has one hospital, a public health center, and a public library.

Population
Bibb County is a small, rural county in west central Alabama with a 2000 population of 20,826. This is a remarkable 25.64% increase over 1990. There are four municipalities ranging in population from 986 to 4,024.

Income/Poverty
Bibb County's per capita income reported in 2000 was $18,033. This figure is a 68% increase over that reported in 1990. However, the 2000 figure is 80% of the State and only 64% of the U.S.

In Bibb County 20.2% of all persons live below the poverty level.

Unemployment
Bibb County's 2000 unemployment rate was 6.7% compared to Alabama's 4.6% and the U.S. 4.0%.

Education
The 2000 census data indicate that in Bibb County 63.2% of the age 25+ population are high school graduates compared to Alabama's 75.3% and the U.S. 80.4%. The percentage of college graduates in the county is 7.1% compared to the State's 19.0% and the U.S. 24.4%. A county school system provides K-12 grades. There is one vocational school in the county.

Franklin County

Franklin County is located in extreme Northwest Alabama. The county is bordered to the north by Colbert County, the south by Marion County, the east by Lawrence County and the west by the State of Mississippi. Main highways through Franklin County include Highways 43 and 13, which run north and south and Highway 24 which runs east and west. Corridor V is a four-lane highway that will run from Chattanooga to Tupelo bv way of Huntsville, Decatur and Russellville. The county's economy is primarily dependent on agricultural production (broilers), textile/apparel and manufactured housing. Franklin County has two hospitals, a public health department, and two public libraries.

Population
The 2000 population of the county was 31,223 people, up 12.3% from the 1990 population of 27,769. The county is relatively rural with 49.1 persons residing per square mile in the 636 square mile county. There are five municipalities ranging in population from 261 to 8,971.

Income/Poverty
In Franklin County in 1999, 18.9% of persons have income below poverty compared to the State's 16.1%. The median household income in 1999 was $27,177 compared to the State's $34,135.

Hale County

Hale County's major agricultural products are catfish, crawfish, chickens, cattle and calves. Major manufactured products are processed catfish and forestry products. U. S. Highway 80 runs east and west through the southern tip of Hale County. State Highways 69, 25 and 14 converge in Greensboro, the county seat. Hale County is adjacent to Tuscaloosa County, a Metropolitan Area, to the north, Bibb and Perry counties to the east, Marengo County to the south, and Greene County to the west. The Black Warrior River is a navigable waterway in Hale County. The county has one hospital, a public health center, and two public libraries.

Population
Hale County is a small, rural county in west central Alabama with a 2000 population of 17,185. This is a 10.89% increase over 1990. There are four municipalities ranging in population from 231 to 2,731.

Income/Poverty
Hale County's per capita income reported in 2000 was $16,380. This figure is twice that reported in 1990. Although the increase is pronounced, the latest figure is still less than 75% of the State and about half the U.S. average.

In Hale County 26.37% of all persons live below the poverty level.

Unemployment
Hale County's 2000 unemployment rate was 7.6% compared to Alabama's 4.6% and the U.S. 4.0%.

Education
The 2000 census data indicate that in Hale County 65.2% of the age 25+ population are high school graduates compared to Alabama's 75.3% and the U.S. 80.4%. The percentage of college graduates in the county is 8.1% compared to the State's 19.0% and the U.S. 24.4%. A county school system provides K-12 grades. There is one vocational school in the county.

Macon County

The major agricultural products for Macon County are poultry and forestry.

The County is adjacent to Tallapoosa and Lee counties to the north, Russell to the east, Bullock to the South and Montgomery and Elmore to the west. The Tallapoosa River is located in the upper edge of the county. The county has one Veterans Affairs hospital, one public health center, and three public libraries.

Population
Macon County is a rural county in south central Alabama with a 2000 population of 24,105. This is a 3.3% decrease over 1990. There are four incorporated municipalities ranging in population from less than 149 to 11,846.

Income/Poverty
In Macon County, 32.8% of families have income below poverty compared to the State's 16.1%. The 2000 median family income is $28,511 compared to the State's $41,657.

Unemployment
The unemployment for Macon County in December 2002 was 5.3% compared to the State's 5.4%.

Education
In Macon County, 70.0% of the 25+ population are high school graduates compared to the State's 75.3%; 18.8% are college graduates compared to the State's 19.0%.[1] There is one four-year university located in the county.

Pickens County

The major agricultural products for Pickens County are poultry/broilers. Major manufactured products are clothing and forestry products. U. S. Highway 82 crosses east and west through the northern part of Pickens County. State Highways 17 and 14 run north and south, and State Highway 86 runs east and west. The county is adjacent to Lamar and Fayette counties to the north, Tuscaloosa County, a Metropolitan Area, to the east, Greene and Sumter counties to the south, and the State of Mississippi to the west. The Tennessee-Tombigbee Waterway is a navigable waterway in the Pickens County. The county has one hospital, a public health center, and five public libraries.

Population
Pickens County is a small, rural county in west central Alabama with a 2000 population of 20,949. This is a 1.21% increase over 1990. There are eight municipalities ranging in population from 33 to 2,567.

Income/Poverty
Pickens County's per capita income reported in 2000 was $18,323. This figure is almost double that reported in 1990. However, it is 80% of the State's average per capita income and only 64% of the U.S.

In Pickens County 25% of all persons live below the poverty level.

Unemployment
Pickens County's 2000 unemployment rate was 10.6% compared to the State's rate of 4.6% and the U.S. 4.0%.

Education
The 2000 census data indicate that in Pickens County 69.7% of the age 25+ population are high school graduates compared to Alabama's 75.3% and the U.S. 80.4%. The percentage of college graduates in the county is 9.8% compared to the State's 19.0% and the U.S. 24.4%. A county school system provides K-12 grades. There is one vocational school in the county.

V. Collaboration with Other Agencies

The Alabama Department of Economic and Community Affairs will maintain its contacts with the Economic Development Association of Alabama (EDAA), the Alabama Development Office, the Economic Development Partnership of Alabama (EDPA), federal agencies, state agencies, and local governments in an overall effort to promote economic growth and improve the quality of life for Appalachian residents.

ADECA will continue to work with the private sector in an effort to further expand the economy of Appalachian Alabama. The participation of the private sector in overall development activities will be encouraged and supported by the state. The State of Alabama will work closely with national and local partners to foster public and private partnerships to achieve the goals and objectives for Appalachia.

Basic federal agencies are involved in the administration of all construction related ARC grants. Federal agencies, which serve by agreement with the Commission as basic agencies for ARC grants include the Rural Development Administration, Economic Development Administration, Tennessee Valley Authority, and the Department of Housing and Urban Development. On occasion other federal agencies, such as the Environmental Protection Agency, act as basic agencies for certain projects. Some basic agencies provide funds to many of the ARC projects they administer.

VI. State Policies

State funding thresholds for "distressed" counties will be 80/20 with a maximum of $200,000 ARC funds per project. State thresholds for all transitional Appalachian counties will be 50/50 for construction and 50/50 for non-construction projects with a maximum of $200,000 in ARC funds per project. State thresholds for all "transitional" counties with "Distressed Areas" will be 50/50 with a maximum of $200,000 in ARC funds per project. State thresholds for Administrative Grants for Local Development Districts (LDDs) will be 50/50, except for those LDDs with "distressed" counties. LDDs with one or more "distressed" counties will have a threshold of 75/25 for Administrative Grants. State thresholds for Regional Initiatives will be 50/50. For the State's Consolidated Technical Assistance program, the threshold will be 50/50. No ARC dollars will be used in "attainment" counties except for multi-county projects which propose clearly-demonstrated benefits in one or more "distressed" counties.

Availability of funding for a project from an ARC Revolving Loan Fund (RLF) is determined by the limit applicable in the county where the project is located. (This rule does not apply to loans made with ARC RLF funds approved prior to November 13, 1998. Loans using such funds are restricted in accordance with the terms of the grant agreements under which they were made available).

State thresholds for "Competitive Counties" will be 30/70 with a maximum of $200,000 in ARC funds per project. The State will not fund projects to construct or renovate school buildings, except in emergency situations. Project overruns will not generally be considered for additional ARC funding. When there are project underruns, ARC funds will generally be deobligated and returned to be made available for other eligible projects. A request for proportional reduction will be given consideration in projects with underruns.

Under certain circumstances, the state may waive the state policy maximum of $200,000 per project. The State will target areas of greatest need, and will respond with ARC dollars in cases of emergency and whenever special development opportunities arise. The threshold for emergency relief projects and projects that are special development opportunities will be 80/20.

Regional Initiatives

The Appalachian Regional Commission is mandated by Congress to carry out the development of two regional initiatives: telecommunications and entrepreneurship.

Entrepreneurship

Proposals for funding under the regional initiative for entrepreneurship must be supported by a demonstration that they will contribute to the achievement of the regional initiative goal. Business establishments that are not locally owned and are part of a larger non-locally based organization, i.e. branch plants, are ineligible for assistance under this initiative.

The State's strategy for building entrepreneurial economies will include, but not be limited to projects that:

- Build awareness and advocate creating entrepreneurial economies with communities and policy makers at the state and/or local level.

- Promote the integration of the elements of an entrepreneurial system at the state or regional level.

- Address identified gaps in and build the institutional capacity of any or all of five key elements of an entrepreneurial economy: access to capital and financial assistance; technical and managerial assistance; technology transfer; entrepreneurial education and training; and entrepreneurial networks.

Telecommunications

In order to ensure that the people and businesses of the Appalachian region have the knowledge, skills, and access to telecommunications services to compete in the technology-based economy, the Commission may provide technical assistance and fund projects for the following purposes:

- Increase affordable access to advanced telecommunications in the Region.

- Provide education and training for people, businesses, and governments in the Region in the use of telecommunications technology.

- Develop relevant technology readiness programs for industry groups and businesses in the region.

- Support entrepreneurial opportunities in information technology in the Region.

A project is being submitted by the State of Alabama, Alabama Department of Economic and Community Affairs (ADECA) to update the Alabama Strategic Plan for Telecommunications in Appalachia. The Plan will first establish a benchmark for telecommunications in Appalachian Alabama by mapping existing resources in the 37 Appalachian counties. Next, a steering committee will be established and meetings with local stakeholders will be held in an effort to identify current and future telecommunication capabilities throughout the Region. Currently, there is a critical shortage of broadband communications infrastructure for use by schools, hospitals, business and industry in Alabama's ARC Region, and this issue has been identified by the state as a high priority. The interactions of all the key telecommunications stakeholders, both private and public, in the development of the strategic plan will lead to new partnerships among the key players facilitating the establishment of advanced and accessible to Appalachian citizens in homes, schools, libraries, medical facilities, government agencies, and businesses.

All project applications will be required to include performance measures as a part of the application process. All projects submitted to the state for ARC funding must have output and outcome measures included in an evaluation plan from the grantee.

Alabama will focus primarily on areas of highest need, depressed areas, areas hardest hit economically, areas with health hazards, areas where projects will have the greatest impact, and areas that are not able to help themselves. Alabama will increase reading initiatives across the Appalachian Region and provide funding for a Virtual Library as well as increase professional development for teachers. In conjunction with a focus on economic growth, the State of Alabama will support efforts to improve education, build leadership capacity, increase the number of entrepreneurs, provide physical infrastructure including telecommunications infrastructure, and increase health care in Appalachian Alabama. The state will work closely with the Alabama Development Office as well as

other trade multipliers in efforts to increase trade in Appalachian Alabama, and will participate in trade events as well as events sponsored by the ARC Export Trade Advisory Council. The State of Alabama will support programs that will increase export trade in Appalachian Alabama.

Each project request for ARC assistance will be considered on a case-by-case basis.

This Development Plan was written with the assistance of the eight Local Development Districts in Alabama: West Alabama Regional Commission, Regional Planning Commission of Greater Birmingham, Top of Alabama Regional Council of Governments, Northwest Alabama Council of Local Governments, North Central Alabama Regional Council of Governments, South Central Alabama Development Commission, Central Alabama Regional Planning Commission, and East Alabama Regional Planning and Development Commission and Dr. Greg Bischak, ARC Senior Economist, Appalachian Regional Commission..